

Message Text

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TO AMCONSUL JOHANNESBURG

INFO AMCONSUL CAPE TOWN

AMEMBASSY PRETORIA

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E. O. 11652: GDS

TAGS: ELAB, SF

SUBJ: NEWSOM STATEMENT CLARIFICATION

REF: JOHANNESBURG 295

1. MANCHESTER GUARDIAN REPORT OBVIOUSLY STEMS FROM NEWSOM SPEECH AND ANSWERS TO QUESTIONS DURING RECENT VISIT LONDON. IN PREPARATION FOR HEARINGS BEFORE DIGGS SUBCOMMITTEE ON MARCH 27, QUESTION DISCUSSED WITHIN AF. FOLLOWING EXCHANGE OCCURRED DURING HEARINGS:

MR. DIGGS. A LITTLE MORE ABOUT OUR AMERICAN INVESTORS BECAUSE THERE HAVE BEEN MANY REFERENCES MADE DURING THIS HEARING AND, OF COURSE, ELSEWHERE ABOUT U. S. FIRMS ADOPTING ENLIGHTENED PRACTICES; AND THERE HAS BEEN SOME MOVEMENT IN THAT REGARD WITHOUT ANY QUESTION, BUT I THINK WE OUGHT TO PUT IT IN PROPER CONTEXT BECAUSE I AM NOT AWARE OF ANY COMPANY IN SOUTH AFRICA CONTROLLED BY U. S. CAPITAL WHICH IS PAYING IT EMPLOYEES MORE THAN A MINIMUM EFFECTIVE LEVEL. IF YOU HAVE ANY INFORMATION TO THE CON-

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TRARY, I WOULD LIKE TO KNOW ABOUT IT. EVERYBODY MAKES THESE REFERENCES AND GIVES AN IMPRESSION THAT WE ARE UP TO THAT LEVEL. I WOULD LIKE TO KNOW IF YOU HAVE ANY RECORD OF ANYBODY DOING THIS.

MR. NEWSOM. MY UNDERSTANDING IS THAT THERE IS NO OFFICIAL MINIMUM EFFECTIVE LEVEL OR OFFICIAL POVERTY DATUM LINE, THAT IS NONE THAT HAS BEEN ESTABLISHED BY THE SOUTH AFRICAN GOVERNMENT.

PRIVATE ORGANIZATIONS, INCLUDING THE JOHANNESBURG CHAMBER OF COMMERCE, THE INSTITUTE OF RACE RELATIONS, AND THE PRODUCTIVITY AND WAGES ASSOCIATION HAVE ESTABLISHED POVERTY DATUM LINES FOR AN AFRICAN FAMILY OF FIVE IN THE JOHANNESBURG AREA AT ROUGHTLY A HUNDRED DOLLARS A MONTH AND EFFECTIVE MINIMUM LEVELS, WHICH IS SOMEWHAT ABOVE THE BARE MINIMUM, AT APPROXIMATELY A HUNDRED AND FIFTY DOLLARS A MONTH.

OUR INFORMATION AT THE MOMENT SHOWS THAT ONLY ONE AMERICAN COMPANY, INTERNATIONAL BUSINESS MACHINE IS PAYING A MINIMUM WAGE ABOVE THE EFFECTIVE MINIMUM LEVEL.

2. THE LONG AWAITED EMPLOYMENT PRACTICES PAPER, NOW SCHEDULED FOR RELEASE THIS WEEK UNDER NEWSOM SIGNATURE, CARRIES THE FOLLOWING PARAGRAPH. " THOUGH RAISING WAGES TO THE PDL IS A SIGNIFICANT STEP IN THE SOUTH AFRICAN CONTEXT, THE PDL MEETS ONLY THE BARE MINIMUM FOR SURVIVAL. THE MINIMUM EFFECTIVE LEVEL, WHICH ALLOWS FOR THE PURCHASE OF A FEW BASIC AMENITIES AND PAYING AN OCCASIONAL DOCTOR BILL, IS ESTIMATED TO BE 50 PERCENT HIGHER, OR \$140 PER MONTH. A FAIR WAGE IN TERMS OF PRODUCTIVITY AND THE CAPABILITIES OF THE ECONOMY SHOULD BE HIGHER STILL. IT IS A REASONABLE GOAL. ROGERS

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